

Exhibit 300: Capital Asset Summary

Part I: Summary Information And Justification (All Capital Assets)

Section A: Overview & Summary Information

Date Investment First Submitted: 2010-03-17
Date of Last Change to Activities: 2012-07-23
Investment Auto Submission Date: 2012-02-28
Date of Last Investment Detail Update: 2012-02-28
Date of Last Exhibit 300A Update: 2012-07-23
Date of Last Revision: 2012-07-23

Agency: 009 - Department of Health and Human Services
Medicaid Services

Bureau: 38 - Centers for Medicare and

Investment Part Code: 01

Investment Category: 00 - Agency Investments

1. Name of this Investment: CMS Encounter Data

2. Unique Investment Identifier (Ull): 009-000006796

Section B: Investment Detail

- 1. Provide a brief summary of the investment, including a brief description of the related benefit to the mission delivery and management support areas, and the primary beneficiary(ies) of the investment. Include an explanation of any dependencies between this investment and other investments.**

The Centers for Medicare & Medicaid services (CMS) is required to risk adjust payments to Medicare Advantage (MA) Organizations and other entities (MAO) for nearly 12 million beneficiaries enrolled in MAOs. The current Risk Adjustment Processing System collects 5 data elements for risk adjustment. Since CMS doesn't collect MAO enrollees' expenditure data, it has been establishing risk coefficients based on Original Medicare Fee-For-Service (FFS) claims diagnosis and cost data. Thus, coefficients used for payment are not the same as those that would be calculated if CMS used MAO-based diagnosis and cost data. MAOs do not report diagnoses (and perhaps cost) in the same patterns as FFS providers, thus risk scores are overstated and MOAs are overpaid. Without data on the full range of services MAO enrollees receive, CMS is also limited in its ability to review the MA program annual contracting bids and conduct comparative effectiveness research. The FY 2009 rule (73 FR 48650) reasserted CMS' authority to collect data from MAOs. Consistent with this authority, CMS will require MAOs to submit encounter data for dates of service January 3, 2012, and later. This date is consistent with the current industry movement towards standardization of data collection formats, common edit modules, transition to ICD-10 diagnosis and HIPAA compliance measures. This investment will develop and implement a new Encounter Data System (EDS) to collect MAO beneficiary per-visit health care encounter data using the

HIPAA 5010 version of the X12 standards; and it will edit, price and store the data. The EDS will enable calculation of new risk coefficients that will more accurately reflect the demographics, patterns of care, and the predicted costs of diseases for MAO enrollees. This will result in more accurate risk adjustment data to provide to the Medicare Advantage Prescription Drug System (MARx) for monthly payment calculation for payments to MAOs. The EDS data will also enable analysis of health care utilization and will enable service utilization and quality comparisons across the original Medicare and MA programs. This will result in more accurate payments to plans, and enable value-based purchasing initiatives-thus supporting the HHS Objective 1.3-Improve health care quality, safety, cost and value.

2. How does this investment close in part or in whole any identified performance gap in support of the mission delivery and management support areas? Include an assessment of the program impact if this investment isn't fully funded.

CMS is required to risk adjust payments to MAOs that provide the Medicare Advantage benefit. Currently, CMS does not collect utilization and cost data from MAOs in the Medicare Advantage program and is not able to identify items and services delivered to Medicare beneficiaries enrolled in the MA program. Thus CMS cannot risk adjust based on MAO utilization and is not able to analyze the effectiveness of the MA program. This investment will develop an Encounter Data System (EDS) that will collect MAO beneficiary per-visit encounter data and estimate prices based on FFS rules. The EDS will enable calculation of new risk coefficients that will more accurately reflect the demographics, patterns of care, and the predicted costs of diseases for Medicare beneficiaries enrolled in the MA program to support risk adjusted payments. The EDS data will also enable analysis of health care utilization and will enable service utilization and quality comparisons across the original Medicare and MA programs. This will result in more accurate payments to plans, and enable value-based purchasing initiatives-supporting the HHS Objective 1.3-Improve health care quality, safety, cost and value. The data will enable:

- Calculation of Medicare Disproportionate Share Hospital (DSH) payments
- Quality review and improvement activities including service utilization and quality comparisons across the original Medicare and MA sectors
- Medicare coverage analysis

In FY 2010, we gathered the business and system requirements, completed the business process model for the design for data collection, editing, and storage, and initiated development of the front end system to receive encounter data. If the investment is not fully funded, CMS will not be able to complete the development, testing and validation for the encounter data ICD 10 based processing and pricing. CMS will not be able to prepare the MAOs for the implementation and use of ICD 10 in the EDS as required on October 1, 2013. CMS will not be able to roll-out the Encounter Data System in FY 2012. CMS will have no insight into healthcare utilization of the 25% of Medicare beneficiaries enrolled in the MA program. MA scores will continue to be based on FFS utilization patterns with subsequent risk to the accuracy of the MAO and other entities payments.

3. Provide a list of this investment's accomplishments in the prior year (PY), including projects or useful components/project segments completed, new functionality added, or operational efficiency achieved.

In FY 2011, we completed the business requirements and rules in the requirements document, completed the business process model for the design for data collection, editing,

and storage. We initiated development of the front end system to receive encounter data in the 5010 X12 and completed a front end system pilot test using the current 4010 X12. In September 2011, full testing of the front end system will begin and the systems requirements will be initiated.

4. Provide a list of planned accomplishments for current year (CY) and budget year (BY).

In FY 2012, the requirements document and system requirements for the pricing component will be completed, and design initiated. We will also complete development, testing and validation for encounter data processing. The pricing processors will be developed and tested; and we will gather requirements for the final component, the encounter data management information and reporting tool to be developed in 2012. Finally, the Encounter Data Processing system will collect MA encounter data beginning with dates of service, January 1, 2012. In FY 2013 the encounter data system will be fully operational and begin to enter the O & M phase. Parallel testing will be done to assess the ability to discontinue the legacy system (Risk Adjustment Processing System (RAPS)). Business requirements will be finalized for the new encounter data management information and reporting tool (EDMIRT) will be completed and the EDMIRT will be developed and implemented.

5. Provide the date of the Charter establishing the required Integrated Program Team (IPT) for this investment. An IPT must always include, but is not limited to: a qualified fully-dedicated IT program manager, a contract specialist, an information technology specialist, a security specialist and a business process owner before OMB will approve this program investment budget. IT Program Manager, Business Process Owner and Contract Specialist must be Government Employees.

2010-01-22

Section C: Summary of Funding (Budget Authority for Capital Assets)

1.

Table I.C.1 Summary of Funding

	PY-1 & Prior	PY 2011	CY 2012	BY 2013
Planning Costs:	\$0.0	\$0.0	\$0.0	\$0.0
DME (Excluding Planning) Costs:	\$1.3	\$21.8	\$7.1	\$3.1
DME (Including Planning) Govt. FTEs:	\$0.8	\$0.8	\$0.8	\$1.0
Sub-Total DME (Including Govt. FTE):	\$2.1	\$22.6	\$7.9	\$4.1
O & M Costs:	\$0.0	\$0.0	\$3.0	\$7.0
O & M Govt. FTEs:	\$0.0	\$0.0	\$0.1	\$0.6
Sub-Total O & M Costs (Including Govt. FTE):	0	0	\$3.1	\$7.6
Total Cost (Including Govt. FTE):	\$2.1	\$22.6	\$11.0	\$11.7
Total Govt. FTE costs:	\$0.8	\$0.8	\$0.9	\$1.6
# of FTE rep by costs:	7	7	8	8
Total change from prior year final President's Budget (\$)		\$16.8	\$0.1	
Total change from prior year final President's Budget (%)		286.99%	0.91%	

2. If the funding levels have changed from the FY 2012 President's Budget request for PY or CY, briefly explain those changes:

Changes in funding reflect changing Agency priorities as the investment has gone through the CPIC process.

Section D: Acquisition/Contract Strategy (All Capital Assets)

Table I.D.1 Contracts and Acquisition Strategy

Contract Type	EVM Required	Contracting Agency ID	Procurement Instrument Identifier (PIID)	Indefinite Delivery Vehicle (IDV) Reference ID	IDV Agency ID	Solicitation ID	Ultimate Contract Value (\$M)	Type	PBSA ?	Effective Date	Actual or Expected End Date
Awarded	7530	HHSM500200900045C									
Awarded	7530	HHSM500200900057G	GS35F0426V	4730							
Awarded	7530	HHSM500200100004C									

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:

Exhibit 300B: Performance Measurement Report

Section A: General Information

Date of Last Change to Activities: 2012-07-23

Section B: Project Execution Data

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
285833	Encounter Data Development	<p>Payments to Medicare Advantage (MA) plans are risk adjusted. MA plans are paid approximately \$13 billion per month for the more than 11 million Medicare beneficiaries enrolled in MA plans. Improvements in the accuracy of these payments will have a significant impact on the program. The current risk adjustment model is estimated using Fee-For-Service (FFS) cost and diagnoses data. The Centers for Medicare and Medicaid Services (CMS) has shown that patterns in FFS and MA diagnostic data differ in important ways and lead to overpayments to MA plans. Adding health care encounter data to the existing risk adjustment system will improve the accuracy of the risk adjustment model used to pay MA plans by reflecting the appropriate patterns of utilization and costs within the MA program. While establishing a risk</p>			

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
		<p>adjustment model more appropriate for MA plans is the paramount reason for collecting MA encounter data, there are other important uses of the data that will improve other key functions undertaken by CMS, including: calculation of Medicare Disproportionate Share Hospital (DSH) payments, quality review and improvement activities, and Medicare coverage purposes. Thus, there is a need to properly collect, edits, and store the MA health care data necessary to describe and price a health care encounter; this is in addition to the currently collected, edited and stored diagnosis data. There is also a need to develop the capability to price the MA health care encounter data to be able to estimate the cost of a Medicare beneficiary enrolled in an MA plan. The EDS project will assist CMS in achieving its agency-wide goal of reaching accurate and predictable payments. Specifically, those paid through the Medicare Advantage Prescription Drug System (MARx). The three main objectives to obtain with the implementation of the EDS project are: Collection and pricing of more than 330 million claims annually supporting 11 million beneficiaries enrolled in the MA program, Obtain reports that reflect true MA beneficiary utilization by 2013, and Providing appropriate data leading to more accurate Risk Adjustment model</p>			

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
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development by 2015.

Activity Summary

Roll-up of Information Provided in Lowest Level Child Activities

Project ID	Name	Total Cost of Project Activities (\$M)	End Point Schedule Variance (in days)	End Point Schedule Variance (%)	Cost Variance (\$M)	Cost Variance (%)	Total Planned Cost (\$M)	Count of Activities
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285833
Encounter Data Development

Key Deliverables

Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days)	Schedule Variance (%)
285833	285833: Initiation Phase		2011-06-06	2011-06-06		706	-452	-64.02%
285833	285833: Planning Phase		2011-12-01	2011-12-01		92	-274	-297.83%
285833	285833: Concept Phase		2011-12-31	2011-12-31		837	-244	-29.15%
285833	285833: Design Phase		2012-03-28	2012-03-28		288	-156	-54.17%
285833	285833: Requirements Analysis Phase		2012-03-30	2012-03-30		211	-154	-72.99%
285833	285833: Project Management		2012-03-31	2012-03-31		312	-153	-49.04%
285833	285833: Development Phase		2012-05-31	2012-05-31		183	-92	-50.27%
285833	285833: Implementation Phase		2012-07-31	2012-07-31		577	-31	-5.37%
285833	285833: Security		2012-12-31	2012-12-31		441	0	0.00%
285833	285833: Test Phase		2012-12-31	2012-12-31		487	0	0.00%
285833	285833: Contract		2013-09-30	2013-09-30		913	0	0.00%

Key Deliverables								
Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days)	Schedule Variance (%)
Management								
285833	285833: Project Administration		2014-12-31	2014-12-31		1,269	0	0.00%

Section C: Operational Data

Table II.C.1 Performance Metrics

Metric Description	Unit of Measure	FEA Performance Measurement Category Mapping	Measurement Condition	Baseline	Target for PY	Actual for PY	Target for CY	Reporting Frequency
% of encounters accepted by the EDFES from submitters	%	Process and Activities - Quality	Over target	74.000000	74.000000		74.000000	Semi-Annual
% of encounters accepted by the EDFES from submitters that are priced	%	Mission and Business Results - Management of Government Resources	Over target	59.000000	59.000000		59.000000	Semi-Annual
% of time customer service is available to Plans (e-mail, web, phone)	%	Customer Results - Service Quality	Over target	94.000000	94.000000		94.000000	Quarterly
% of contracts meeting submission requirements based on their contract size	%	Process and Activities - Cycle Time and Timeliness	Over target	79.000000	79.000000		79.000000	Monthly
% of encounters processed and finalized byt the EDS within the stated timeline	%	Process and Activities - Cycle Time and Timeliness	Over target	94.000000	94.000000		94.000000	Monthly
% of time the system is up and service is available (EDFES)	%	Customer Results - Service Accessibility	Over target	98.000000	98.000000		98.000000	Monthly